A FOURTH

ESSAY

ON

FREE TRADE

AND

FINANCE,

HUMBLY OFFERED TO THE

CONSIDERATION

OF THE

PUBLIC.

By a CITIZEN of PHILADELPHIA.

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BRITISH MUSEUM

A FOURTH

ESSAY, &c.

THE ſyſtem of taxation equal to the public expenditures, adopted and recommended by Congreſs, is grounded on the moſt ſolid and demonſtrable principles, and, if there is no error or defect in the execution of it, cannot fail of producing the two great ends expected from it, viz. Supplying the expences of the States, and reducing our currency to a fixed and permanent value. Theſe two effects will be produced by the natural operation of this ſyſtem, without any force or extraneous helps. Yet 'tis to be noted here with care and concern, that when theſe great and ſteady principles come to operate on the preſent diſtracted ſtate of our currency and finances, very ſad and perhaps fatal effects will be produced, and infinite injuſtice done, even by this forcible remedy, though the moſt ſalutary and only effectual one, if ſome care is not taken to direct its force and limit its firſt effects. The appreciation of our currency is among the firſt of theſe ill conſequences which I fear, and would guard againſt. The evils of this I have conſidered in my ſecond Eſſay; but as what I there urged either has not been underſtood or regarded, I think it neceſſary here to reſume the ſubject, which certainly merits the higheſt attention of every American.

The value of money is what it is now worth to the poſſeſſor. The preſent exchange of continental money is to hard money at the rate of about forty to one, though it is very fluctuating; at this exchange of forty to one, which is very near the truth, and for which I appeal to the merchants and goldſmiths books, I ſay, at this exchange, our debt of continental money, *i. e.* all the continental money in circulation, is worth five millions of dollars in hard money. For the reader need not be told that that value is found by dividing the whole ſum of our currency, viz. two hundred millions of dollars, by the exchange, viz. forty, which will make a quotient of five millions of dollars of hard money. If this exchange is reduced, ſay to twenty for one, it will increaſe this public debt to ten millions of hard dollars. Therefore it follows, that every appreciation of the money increaſes the public debt, and to an amazing degree, by leaps, though almoſt imperceptible, yet certain, and to an amount almoſt beyond belief. For if the exchange ſhould fall to ten for one, the debt would riſe to twenty millions; an exchange of five to one would raiſe the debt to forty millions of hard dollars, and ſo on till the debt would riſe to two hundred millions of hard dollars, and all this without the leaſt benefit to the

public,

public, but in every view to its detriment. For, over and above the vaſt increaſe of taxes neceſſary to pay this increaſed debt, many other evils ſtill worſe than the tax would follow, to which I muſt beg the reader's moſt ſerious attention; for however out of ſight and diſtant it may appear, the miſchief is infinite, and muſt be fatal, if not prevented.

1ſt. *This appreciation will raiſe the value of the money in the cheſts of the poſſeſſors, in proportion as it increaſes the public debt.* This will raiſe the great money-holders into nabobs, ſo rich there will be no living with them. They have already, it is generally thought, much more than their ſhare. Men of overgrown riches, eſpecially of ſudden acquirement, are dangerous to any community. They are not generally people of the beſt refinement of manners or wiſeſt diſcretion, and therefore their influence in the community, which will ever be *(cæteris paribus)* in proportion to their wealth, will be dangerous; but were they all the beſt of men, ſuch amazing and ſudden acquiſitions of wealth would be enough to ſpoil them. We find, by long and various experience, that human nature cannot bear, without corruption, ſuch ſudden leaps into the heights of greatneſs, proſperity, wealth and influence.

2d. *This ſame cauſe will induce all men to hoard their money*, when *they find it grows better and better daily in their cheſts.* Money will ſoon become ſo ſcarce, as not to be obtained without great difficulty, and this will increaſe the value or appreciation of it; for the value of money will ever be in proportion to its ſcarcity and demand. Thus every ſtage of this miſchief will tend to increaſe the evil, and lead on to further ſtages of the ſame calamity and diſtreſs. This is obvious to every one.

3d. *This ſame cauſe will ruin our trade and manufactures*; for the riſe of money in the deſk will be more profitable than any trade or branch of manufacture. This will ruin all induſtry; for the rich will not go into buſineſs, and the poor will not find employers, and this will produce ſcarcity of all goods, both home produced and imported, and of courſe general diſtreſs and want muſt follow.

4th. *This ſame appreciation will increaſe the public debt, and conſequently will increaſe the taxes by which it muſt be paid, and that in proportion to the value or amount of the appreciation.* The appreciation of money is like an account in a merchant's book; there muſt be a debtor and creditor to it. It is not poſſible that one ſhilling ſhould be gained by one perſon in this way, which is not loſt by ſomebody. If you make the money more valuable in my pocket, it will coſt the public more to redeem it; and therefore, if it was to be appreciated up to its original value, every man's tax muſt be multiplied by the preſent exchange, *i. e.* made about forty times bigger than it need be to redeem all the money at the preſent value; and therefore it is probable thoſe who think the preſent taxes are not more than the fortieth part of what they ſhould be, will be zealous promoters of the ſcheme of appreciation.

5th.

5th. *This ſame thing will increaſe every private debt.* For nothing is plainer than this, viz. if the money is more valuable at the time of payment than it was at the time of contract, the debt is thereby increaſed, *i. e.* it will take more hard money or more wheat to pay the debt than would have paid it at the time of contract. This brings on the inevitable ruin of many poor people, who cannot avoid being more or leſs in debt for rent or ſome other neceſſary thing. It is hard enough for them to pay their debts at their juſt value; but when the ſum comes to be increaſed, perhaps doubled or trebled in a few months, the payment becomes either extremely difficult or impoſſible. This might at firſt pleaſe the rich pretty well, but they would find their miſtake, for they would be obliged ſoon to accept a notice of bankruptcy inſtead of payment from their debtors.

6th. The great cry for appreciation is, that thoſe who have ſuffered by depreciation ought to have the benefit of a compenſation by the appreciation of the currency; but this is nugatory, and will prove in the end a perfect deception. *For not one tenth part, perhaps not an hundredth part of the money, when it ſhall appreciate, will be found in the hands of thoſe who have ſuffered by the depreciation.* It will be no adequate remedy to any of them, but will be an increaſe of diſtreſs and injury to far the greateſt part of them. Thoſe perſons who have ſuffered by the depreciation, but by the chance of the times have been able to make it up ſome other way, ſo as to be able to hoard up ſufficient ſums of money to take advantage of the appreciation, thoſe, I ſay, are not the great objects of my concern; but the helpleſs widow, the fatherleſs infant, and a thouſand others who have been obliged, through the deficiency of their intereſt, to ſpend on the principal, till it is all or moſtly gone, thoſe, I ſay, are the great objects of pity; their cries for juſtice and compenſation ought to be heard; the appreciation does them no good, for they have not caſh on which it can operate; for nobody can take any benefit of the appreciation, but ſuch as have more caſh on hand than all their taxes will amount to; but the aforeſaid widows, &c. are by the appreciation plunged into an increaſed diſtreſs and injury; for if they have an acre of land, or a horſe or cow left, they muſt be loaded with a vaſt increaſe of taxes, in order to appreciate the money which they have loſt, and which now lies hoarded in the coffers of their rich neighbours, who have gotten it from them. From this view of the matter, it appears that many people may imagine that they ſhall receive an advantage from the appreciation, and therefore cry loudly for it, who will, in the end, be greatly hurt by it. It ſeems they aſk they know not what, like the mother of Zebede's children, who, in the ardency of maternal affection, petitioned our Saviour that her two ſons might ſit, the one on his right hand, and the other on his left, not conſidering that the purport of her petition was, that one of her ſons might be ſaved and the other damned.

7th. The appreciation *of the continental bills* will continue through the *whole courſe of it all the miſchiefs of a fluctuating currency.* This deſtroys

deſtroys or varies the ſtandard or common meaſure of value of all things bought or ſold; renders all money contracts and debts uncertain; corrupts the equity and alters the force of our laws, by varying the fines, forfeitures, and fees limitted by them; and in ſhort, throws both the private man in his dealings, and the judge on the bench, into ſuch perplexity and confuſion, that neither can have due knowledge of right, even when they may be diſpoſed to do it, whilſt the wicked have the greateſt latitude in which they may practice ſhocking wrongs, and that in the face of the ſun, and with impunity. This ſuſpends the rewards of virtue and the puniſhment of vice, corrupts the morals of the people, and in the end produces every evil work. Surely this picture is dreary.

8th. *From all theſe miſchiefs no one benefit can ariſe to the public.* Every advantage of the appreciation goes to the rich men who have got the money hoarded, and to them alone. Why then all this more than Herculian labour of appreciating the money? why all theſe riſks and public dangers? why all this multiplied burden and diſtreſs on our people? The uſes of the currency are to every purpoſe as great to the public if fixed at the preſent value, at 2d. or 3d. the dollar, as at any other value that can be named.

9th. *The appreciation of the currency will deſtroy the equity of the taxation itſelf*, according to the known and received principles of it, viz. that all eſtates ought to be taxed in proportion to their value, in ſuch manner that every man's eſtate, after the tax is paid, ſhall bear the ſame proportion to his neighbour's as before, *i. e.* ſo that no man ſhould be enriched or impoveriſhed by the tax more than his neighbour. But if the money is appreciated, the tax will have a very different effect, as will be obvious at firſt ſight, only by viewing its operation in one very familiar inſtance, viz. Suppoſe two brothers have each a plantation of equal value, ſay worth one thouſand pounds hard money each, and one of them ſells his plantation for one thouſand pounds hard money, and changes that money into forty thouſand pounds continental money, and the tax comes on; and we will further ſuppoſe they are both taxed according to the value of their eſtates, *i. e.* equally, and that the tax neceſſary to appreciate the money be twenty per cent. on the whole value; it appears then plain that the tax of the one, who keeps his plantation, will be two hundred pounds hard money, and the tax of the other, who has forty thouſand pounds continental money, will be eight thouſand pounds of that money; conſequently, the firſt will have a clear eſtate left of eight hundred pounds hard money value, but the other will have an eſtate worth thirty-two thouſand pounds hard money, for by the ſuppoſition all the money he has left will be appreciated up to its original value, *i. e.* to the value of hard money, and will be worth forty times as much as his brother's eſtate. But if all theſe arguments do not convince, I have one more, which I think muſt do for the hardieſt opponent; it is this—

10th. *The ſcheme of appreciation will deſtroy itſelf; it is in its nature impracticable, and its own operation will work its deſtruction.* For the appreciation

appreciation of the currency will increaſe the taxes and public burdens to ſuch an enormous and inſupportable amount, that the people neither can, or will, or ought to bear them. When they come to be told that all their taxes are not at all for the benefit of the public, but are for no other purpoſe than to increaſe the value of the money hoarded by their rich neighbours (and they certainly will find this out) they will join in one general cry againſt the oppreſſion, with one voice damn the taxes, and ſwear they will not pay them. Then the mighty bubble will ſink into nothing, and with it will go all our revenue, public faith, defence, honour and political exiſtence. Very many things more might be added on this fertile ſubject; but if what I have ſaid in my ſecond eſſay on this ſubject, and what I have repeated and added here, is not ſufficient for conviction, it is vain and uſeleſs in my opinion to add more, and ſhall only here beg my readers patience and attention a moment to an affair of my own.

I do here, as an individual, enter my proteſt moſt ſolemnly againſt this moſt fatal, uſeleſs and chimerical ſcheme of appreciating the currency, and am determined to leave a copy of my Eſſays with my children, that my poſterity may know that in 1780 there was, at leaſt, one citizen of Philadelphia who was not totally diſtracted, and that they may have the honour and conſolation of being deſcended from a man, who was able to keep in his ſenſes in times of the greateſt infatuation. But all this notwithſtanding, and although appearances are ſtrong againſt me, I will ſtill hope that there yet is a judicious majority on my ſide, who are thoroughly ſick of all viſionary projects and wiſh to adopt the ſubſtantial and ſure remedies which ſtill remain in our power. With ſuch as theſe I will moſt chearfully join in company, and ſit down with them with great pleaſure, and unite in farther conſultation on the important ſubject, begging this favour at the ſame time of the reſt, who do not like our employment, that they would not come into the room to interrupt us; and this they cannot think a hardſhip, as they certainly can loſe nothing by it, for I really have not one word more to ſay to them.

If it is granted that the currency ought not to be appreciated up to its original value, *I cannot ſee a ſhadow of reaſon why it ſhould be appreciated at all, and not be fixed at its preſent value.* The truth is always better than any thing near it, although ever ſo near. Every ſhilling that it may be appreciated is added to the public debt, for which the public receives not the leaſt advantage, but all the profit goes to the great hoarders of our currency; for thoſe who have no more on hand than juſt the amount of their whole tax get nothing by it. There remains then but two things to be conſidered: 1ſt. *What the preſent exchange is*; *and* 2dly. *How to fix it to that exchange or value.*

Firſt. As to the firſt of theſe there is a difficulty, principally ariſing from this, viz. that the exchange is not the ſame in all the States, but different in the different States, and this difference is not fixed in the different States, but ſometimes varies in the ſeveral parts of the ſame State. But it is here to be obſerved, that the exchange of the ſeveral parts of the State differs very little from that which prevails in the

the great capitals neareſt to them, and what little variation there is, moſt generally appears to lie in this, viz. that the exchange riſes firſt in the great capitals, and the out towns, of leſs trade, follow pretty quickly after them; ſo that the exchange of each State may be pretty ſafely taken from that of its capital, or the great capital to which it is moſt contiguous. The rule by which I find the true exchange at any given time is, to take the exchange which prevailed at the given time in each State, and add them all together and divide the ſum by thirteen, and the quotient will be the mean exchange or value of the currency. For inſtance, by the beſt advice I can collect, the exchange laſt Chriſtmas, or December 25, 1779, was, in the four New-England States, New-York, North and South Carolina and Georgia, *i. e.* in eight States, at thirty-five for one, and in New-Jerſey, Pennſylvania, Delaware, Maryland and Virginia, *i. e.* in five States, at forty for one, their ſums will ſtand thus,—

8 into 35 is - - - 280
And 5 into 40 is - - - 200

Sum, 480

which ſum divided by thirteen gives a quotient of $36\frac{12}{13}$ or 37 nearly, which I ſuppoſe to be the true mean exchange or averaged value of the currency, through all the thirteen States, at that time. The preſent exchange in this city is forty-five to one, and the exchange was riſing both to the eaſtward and ſouthward when the laſt advices came away, ſo that I ſuppoſe the preſent mean exchange may ſafely and truly be fixed at forty for one, but our future advices will ſoon determine this beyond all doubt. This is throwing aſide all theory and ſpeculation, and grounding my computation entirely on fact, and is a method which I expect will be allowed to be fair, true and unexceptionable; *and at this value I propoſe that the currency ſhould be fixed at preſent, and be finally redeemed at the ſame.* Both theſe I conceive very juſt and practicable. I do not think there is any juſtice in taxing the public to appreciate any man's money in his cheſt beyond the preſent value. This would be burdening the public, merely for the benefit of a few individuals of monied men; for I before obſerved that no perſon could take benefit of ſuch an appreciation, but ſuch as have more money on hand than all their taxes for redeeming the whole currency will amount to; and thoſe few among us who have ſuch a ſurplus of money are the men who have the leaſt occaſion of aſſiſtance from the public, and in general have the leaſt right to expect or even to wiſh it. For a further conſideration of this I refer back to all the reaſons I have given againſt an appreciation. On the other hand, it will be readily granted that every principle of juſtice requires that any further depreciation of our currency ſhould, if poſſible, be prevented. The *practicability* of both theſe, *i. e. of fixing the currency*, deſerves our moſt ſerious conſideration; and here, notwithſtanding the unnaccountable and ſeemingly capricious fluctuation of the exchange, both in progreſſive and retrograde motion (for we have frequently ſeen both) yet I ſay, this notwithſtanding, I do contend *there are great natural principles,*

principles, which, if properly applied, will confine this ſlippery ſubject, fix it to a point, and prevent ſuch fluctuation as will greatly prejudice its uſe.——To prevent an APPRECIATION,

1*ſt.* As the currency has no real fixed value in itſelf, it is neceſſary that *it ſhould be connected, tied or faſtened firmly to ſomething that is fixed, which may hold it ſteady*, as an anchor does a ſhip, which keeps its place by that connection, let the wind or tide ſet either way. Such a fixed medium is hard money, the value of which cannot vary much from its value in Europe, and therefore its permanency may be ſafely depended on. To this end I propoſe, 1ſt. *That an order of Congreſs be paſſed, that hard money ſhall be received for taxes and all other payments into the Continental Treaſury, at the preſent value or fixed exchange*; ſay forty for one. For as the demand for taxes will be very great and univerſal, if the preſent ſyſtem of taxation be carried into effectual execution, as it doubtleſs will be, it will not be poſſible for any man to get a better exchange than is received in the public treaſury. 2d. *I propoſe that a reſolution paſs to redeem the whole currency finally at the preſent value*; ſay forty for one. This will effectually take away all inducement to raiſe the value of it beyond the exchange which can finally be obtained for it, when it ſhall be redeemed. I do apprehend that my reaſons before aſſigned againſt the appreciation will prove the juſtice, good policy and neceſſity of theſe reſolutions, to which I therefore refer. 3d. *I propoſe that all public eſtimates, quotas, payments, &c. be made in hard money, or continental equal to it at the current exchange*, and alſo *that all judgments of courts, fees, ſalaries*, &c. *ſhould be made up in the ſame manner*, that ſo no public community or private perſon ſhould receive either injury or benefit from any future fluctuation of the currency, either up or down, if ſuch ſhould happen, any farther than his caſh on hand might be affected by it. This would not only be an effectual remedy of the crying injuſtice, both public and private, which has too long prevailed among us, but will alſo take away the principal inducement and temptation to attempt any fluctuation of the currency. And 4th. I propoſe, for the more effectual operation of this remedy, *that all the tender acts, all laws againſt dealing in hard money, and every other of that nature which now ſubſiſts in any* of the States, may be repealed. I think that a late writer, under the ſignature of Adolphus, has treated this ſubject with great judgment and propriety; and as thoſe acts were moſtly made on the recommendation of Congreſs, I apprehend a recommendation of that honourable body to the ſeveral States for ſuch repeal might be neceſſary.—It appears to me that theſe propoſitions will moſt effectually prevent any future appreciation of our currency: But it may be ſaid here, we are ſufficiently out of danger of that, the preſent labour is to ſtop the depreciation. But I do not know all this. I have many reaſons to fear an appreciation, which would be a very ruinous calamity if it ſhould happen, and I think we may do well to uſe precautions againſt a poſſible evil; and I have at leaſt the common argument of quacks in favour of my propoſitions, that they are innocent, they can do no hurt, and they

may do good. If the event to which they are designed to be applied should happen, they will be of the utmost use and benefit; if that event should not happen, their operation will be prevented, and no bad effects can proceed from them. I am as sensible as any man of the urgent necessity of preventing a farther depreciation, and therefore recur to such great natural principles as I think will most effectually and assuredly remedy the mischief; and here I hope it will not be taken amiss, if I repeat some things I have heretofore advanced; for great truths, and weighty principles of decisive importance, ought often to be repeated, that they may be better kept in mind. I proceed then, to prevent DEPRECIATION,

2d. To observe, that *one great cause of depreciation is the increase of the quantity of our currency, and therefore the quantity must by no means be increased.* For it is not possible to prevent the operation of such increase on the depreciation. It matters not in what shape such an increase may appear, whether *of continental bills, certificates, bills on Europe, or bills of particular States. If the quantity in circulation is increased, it is not in the nature of the thing possible to prevent the effect of depreciation, which must and will flow from that increase.* Therefore, 3d. *the incomes must be made equal to the expenditures.* This will give the currency a quick circulation, sufficient for every purpose, without any increase of its quantity, will raise that demand for it, which is essential to its nature and use, and from its natural operation will prevent any possibility of depreciation, if the confidence of the public in its final redemption can be made intire and free of doubt. And this brings me to the consideration of another great principle, on which the credit of all bills must depend, viz. 4th. *the final redemption of the bills must be made certain, and the value or exchange at which they shall be finally paid or redeemed must be certainly known.* If there is any doubt of either of these in the minds of the people, that doubt will lessen the value of the bills; for a certainty will always be better than an uncertainty, *i. e.* the credit of the States must stand so firmly connected with their real substance, that there can be no doubt but the one will be supported by the other. The life and use of money lies in a quick and ready circulation; yet, although this circulation should be ever so brisk, if it passes from hand to hand, like *Robin's alive*, in constant danger of dying in the last hand, it must, notwithstanding all its signs of life and vigour, depreciate fast; and *I conceive a general confidence or doubt of this kind has operated more on our currency than people are generally aware of.* In the gloomy aspect of our affairs in the winter of 1778, when the British army had possession of Philadelphia, the exchange rose to six, seven and eight for one. In the summer and fall of the same year, when we begun to feel the great effects of General Gates's success, the English sued for peace and their army left Philadelphia, our alliance with France was formed, with a prospect of the accession of Spain, and a powerful French fleet was on our coast, the exchange fell to four for one, and kept down for many months together; but when our sanguine expectations began to abate, new difficulties

arose,

aroſe, and the multiplied emiſſions had ſwelled the quantity of our currency to an enormous amount, beyond any probability or even poſſibility of payment at full value, there enſued a great abatement of the general confidence, and mighty doubts aroſe whether it would ever be redeemed at all, or, if it was, at what value; and theſe doubts increaſed with the increaſe of the quantity, and ſome other cauſes, till the exchange roſe up to the enormous height which now exiſts. The principal cauſes of theſe doubts, and conſequently of the depreciation, I take it, have been *the uncertainty of the fate of the war, or ſupport of our Independence, and the increaſing enormous ſum of our currency*. I conceive all doubts ariſing from the firſt of theſe cauſes are pretty well done away. I think it is ſo far from remaining a doubt whether we ſhall ſupport our Independence, that *I do not apprehend it is in our power to give it up, if we were willing*, and to fall back into the dominion of Great-Britain. I am of opinion that France and Spain, and perhaps ſome other powers, muſt be conquered, before the trade or government of America can be permitted to be monopolized and controuled by Great-Britain. The vaſt extent of our country, the fertility of our ſoil, ſalubrity of our climates, with other natural advantages, together with the rapid increaſe of our people, agriculture and arts, make us an object of vaſt importance, expectation and attention with every trading country of Europe, and they will not eaſily give up the ſhare of profit which they expect to derive from us. If we continue to increaſe as we have done in time paſt, that is, to double every twenty-five years, the thirteen States will contain more people, at the end of the next century, than France, Spain and Great-Britain together all contain at preſent. All Europe gaze with attention on our riſing greatneſs, and it is a pity that America, like ſome careleſs beauty, ſhould be the only perſon in the company inſenſible of her charms. It is time for us to know our own importance, and not throw ourſelves away in a needleſs deſpondency As to the doubts ariſing from the great quantity of our currency, and the conſequent uncertainty of its redemption, I conceive they will be effectually removed by the foregoing propoſitions. The preſent debt of continental money ceaſes to appear enormous; it does not exceed five millions of hard dollars, which is leſs than two dollars per head on the inhabitants; a light burden! a trifle! not adequate to the abilities of the pooreſt town in the thirteen States. The only remaining doubt is, whether the States will in fact pay this ſum, ſmall as it is. This doubt appears to me ridiculous; for were we to ſuppoſe there was not a grain of honour or honeſty left in the thirteen States, on which we could depend for the payment of their debts, yet they have ſuffered ſo much by the depreciation of their currency, that they will, from a principle of ſelf preſervation, remedy the miſchief, and prevent it in future. A burnt child dreads the fire, and certainly we have not loſt all the feelings of human nature, however callous we may be to the inducements of moral principles. But *my confidence, even in the morality of the States, is not ſhaken, it is entire*. It is my opinion our people are able and willing to do all that is neceſſary to

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be done in the preſent criſis. Nothing more is or can be neceſſary, than to put the matter in a proper train of operation. Let the people ſee the expenditures made with prudence and œconomy; that the demand of public money is grounded on public neceſſity only; let them ſee men acting in the offices, through which the public monies are to paſs, in whom they can have confidence; let them ſee a ſyſtem of finance formed which ſhall appear both practicable and ſufficient, and put under ſuch direction as ſhall afford a good probability of prudent management and effectual execution; let theſe things be done (and I do not take them to be mountains impracticable) and I conceive our public faith will be effectually reſtored, and riſe to ſuch a degree of reſpectability, that no branch of the revenue will dare to defraud the treaſury, or withhold the ſupplies neceſſary to the public ſafety; nor, on the other hand, will our public faith prove a ruinous and infamous trap to thoſe who have truſted their fortunes to its ſecurity. I do not pretend theſe are light matters and without difficulty. *The forming a ſyſtem of finance is an arduous work, fully equal to the abilities of a perſon of the ſtrongeſt intellects, ſteady attention, and aptitude to the ſubject. It muſt be the work of* ONE MIND, capable of the neceſſary attention to all the parts, and able ſo to comprehend and arrange the whole, as to form a ſyſtem both practicable and ſufficient. *I do not think any aggregate body of men on earth able to do this.* I am of opinion that we might as well expect that a General Aſſembly, a Parliament, a Diet of an Empire, or a Congreſs, could deſcribe and demonſtrate the properties of the ſphere, compute the force of falling bodies, define the laws of hydroſtaticks, or make an almanack, as well as form a ſyſtem of finance. The power of ſuperintendence and legal ſanction is theirs, but the calculation and execution of the ſyſtem is not, in my humble opinion, compatible to the ſenatorial body. The Britiſh Parliament, ſome years ago, aboliſhed the Julian ſtile and adopted the Gregorian, and gave it legal ſanction, to the great ſatisfaction and benefit of the kindom, but I never heard any man ſuppoſe that that Parliament was ever capable of calculating or demonſtrating either of the ſtiles; yet I do not apprehend that it is any reflection on the dignity, abilities or competency of that Parliament to ſuppoſe, that, if no body could have calculated ſtiles better than they could, we might have done without any till this time, and computed the advance of the ſpring by the budding of the white-oak trees, as the Indians do. The conſequence from all this is, in my opinion, that if a ſenatorial body want ſtiles, ſyſtems of finance, or any things elſe which require peculiar abilities, ſuch as by common probability cannot be preſumed to exiſt in ſuch a body, they can only manifeſt their wiſdom and employ their authority in appointing men of proper abilities to make them; then the Senate can examine and correct them, and add their ſanction and authority, put the execution of them under a proper direction, and keep the ſuperintendance only in themſelves. I think it may eaſily appear, that *the nature of the ſubject limits the powers of a Senate to this line of conduct.* But were it not ſo, good policy would preſcribe this method; for *the ground of finance is every ſtep of it moſt*

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dangerous ground. Errors are at firſt imperceptible and eaſily made, but ſoon ſhoot up into capital importance, and often aſſume a moſt hideous and ghaſtly appearance; all which is apt to throw diſgrace and cenſure, and ſometimes contempt, on the authors. That which proceeded from ignorance may be attributed to bad deſign. In any view, miſtakes and diſappointments prove the ignorance or imperfection of the managers, and there will always be ſome degree of contempt due to perſons who undertake things which they know not how to perform. *Bodies of ſupreme dignity ought never to incur cenſures or aſperſions of this ſort. The public always ſuffers, when the wiſdom or integrity of their ſupreme power is called at all into queſtion.* They ought therefore, in all good policy, to appoint proper perſons to do all buſineſs of this ſort, were it only that they might have a ſcape-goat to bear away from themſelves the cenſure, diſgrace and contempt, which any errors might occaſion, when they came to be diſcovered; for it is very obſervable, that when any error or miſconduct happens in any great department of the State, the blame always falls on the officer under whoſe direction it was made. No part of the cenſure ever falls on the ſupreme power, unleſs it is that of making a corrupt or injudicious appointment of the officer, or taking the management of the matter out of his hands by too particular inſtructions.

On the whole matter, our country abounds with men and every ſort of ſupplies we need (military ſtores and cloathing excepted, which are eaſily attainable from abroad.) Our public councils and meaſures are very little obſtructed by diſputes or parties in oppoſition. The great thing wanted is, to put our finances into ſuch a train, order or ſyſtem, as will revive the public credit, bring our currency into ſuch an eſtabliſhed value and demand, as is neceſſary to its nature and uſe, and enable the public to call into uſe ſuch ſervices and ſupplies as are neceſſary to the public ſafety. That the abilities requiſite to form and execute ſuch a ſyſtem are not to be found or expected in any ſenatorial body, *i. e.* by common probability it cannot be preſumed, that the component members of ſuch a body ſhould be poſſeſſed of the rare and peculiar abilities requiſite for this great purpoſe. It remains then a matter of the higheſt and moſt urgent neceſſity, that a ſuitable perſon for the great office of Financier-General, or Superintendant of Finance, ſhould be looked up and appointed as ſoon as may be, whoſe ſole buſineſs ſhould be to inſpect and controul our whole revenue and expenditures, and keep them in balance with each other. I imagine this high office will not be very greedily ſought or eagerly accepted by any perſon capable of it. It will require the moſt unwearied, unremitted application, the moſt intenſe and fixed attention to a ſubject of a moſt intricate nature and great extent; the heart-felt intereſts, the loſs or gain, the injury or benefit of millions, will ſtand cloſely connected with his concluſions and management, and of courſe his errors, if he makes any (as from the intricacy and vaſt extent of the ſubject he undoubtedly muſt) his errors, I ſay, will incur the ſevere reſentment, and raiſe the mercileſs cry of the inconſiderate and ill-natured, which make a conſiderable part of the world; and

and after all, if he conducts with ſucceſs, he will get little praiſe; for every thing in his way will go ſmoothly on in a regular train, which will ſoon grow familiar, and of courſe unnoticed, and not one in a thouſand will know to whom they are indebted for their tranquility. Beſides, I do not know that the preſent confuſions of our revenue are capable of being ſpeedily reduced to order by any addreſs of wiſdom, ſkill and diligence, and ſhould he fail, the weighty burden will cruſh him in an inſtant, and he may fall, like *Phaëton*, ridiculous and unpitied, for undertaking a work for which, perhaps, any degree of human wiſdom or ability may prove inſufficient. Be this as it may, much will depend on the choice of this officer. Should an inſufficient man be appointed, his defects or miſmanagement will not only be ſeverely felt while he is in office, but moſt probably his ſucceſſor may find a more difficult taſk to correct his errors, than to have taken up the matter new, and ſet out right at firſt.

But to return to the main point; the great queſtion ſeems now to be, whether, in any practicable train or method, *it would be poſſible to raiſe money among ourſelves equal to the neceſſary expenditures*, i. e. whether the people could pay ſuch a large ſum. To this I anſwer, the beſt method of judging of the mighty wealth and abilities of the States is, by reflecting on what they have paid in times paſt. The expences of the war for five years paſt have been about eleven millions of hard dollars per annum, beſides the loans, as will eaſily appear by computing the value of the bills emitted each year; and this has been all paid, except five millions, and that in the worſt, moſt diſtreſſing and oppreſſive method that could be deviſed, viz. by the depreciation of the currency. The payments of the laſt year, 1779, which were actually made, were about double the ſaid ſum, for on the laſt day of the year 1778, the whole currency was about one hundred and thirty-three millions, of which at leaſt one hundred and twelve millions of dollars were in circulation, and the exchange was ſix to one; conſequently one hundred and twelve millions, divided by ſix, gives in hard money the amount of our debt of continental money, viz. eighteen millions and ſeven hundred thouſand dollars, to which add the expenditures of the year 1779, viz. about one hundred and ſixty-five millions of dollars. To find the value of this we muſt divide it by the mean exchange of the year, which I conceive may be found by multiplying the exchange at the end of the year 1778, viz. ſix for one, by the exchange at the end of the year 1779, viz. forty, which makes a product of two hundred and forty, the ſquare root of which, viz. 15,5 nearly, is the mean exchange, and the ſum of expenditures of 1779, viz. one hundred and ſixty five millions, divided by ſaid mean exchange, viz. 15,5, gives for quotient nearly $10\frac{2}{3}$ millions of hard dollars, which added to the amount of the debt at the end of the year 1778, viz. 18,700,000, makes ſomewhat more than twenty-nine millions; out of which ſubtract the debt now remaining, viz. five millions, there remains twenty-four millions of hard dollars, which have been actually

actually paid by the thirteen States in the year 1779. The queſtion is then reduced to this, viz. Whether it is not only poſſible, but much eaſier to pay eleven millions of hard dollars in ſome equitable mode, which diſtributes the burden on all in due proportion to their abilities, than it was laſt year to pay more than double that ſum in the moſt unequal and oppreſſive way imaginable. I know it will require ſtrong exertions, but we began the war with this expectation and reſolution, and I do not think our people will ſhrink or give back under the burden when it comes. Beſides, it does not appear to me poſſible to increaſe our circulating caſh in any way, without further depreciating it, which at once deſtroys its uſe, and the very end we ſhould have in view by increaſing it. Loans will do this; for every loan makes a new certificate or bill of ſome ſort, and all theſe will flow into circulation as ſoon as they gain that eſtabliſhed value which they ought to have, and which they muſt have before we can borrow without a loſs or diſcount. I think it manifeſtly reaſonable, *that all loan-office certificates ſhould be redeemed at the exchange which exiſted at their dates, and that there ſhould be a rate of exchange from the firſt depreciation down to the preſent time made, to aſcertain the exchange at the time when each bill was dated, and a ſure intereſt, in proportion to the value of the principal, ſhould be ſecured to the poſſeſſor, until the certificate ſhall be paid.* If this was done, we might borrow, perhaps, without a diſcount or loſs, and keep our debt at home, which would be much better than drawing bills on Europe at a loſs of fifty per cent. and contracting a hard money debt abroad. But this is digreſſion. To return to my ſubject, I do not really ſee but that general and heavy taxes are moſt abſolutely neceſſary to give demand to our currency, animate the induſtry of our people, and baniſh idleneſs, ſpeculation, and a thouſand viſionary projects, which prevail to an alarming degree, and which muſt vaniſh into nothing ſoon, and therefore the ſooner the better. Taxes will increaſe the circulation of our currency, which will increaſe its uſe quite up to the full amount neceſſary to all our needs, nor can I ſee any other way in which we can carry on the war, without incurring ſuch an enormous debt at the end of it, as will mix even the joys of eſtabliſhed liberty with bitterneſs, and even endanger that very liberty itſelf for which we have ſo ſtrenuouſly contended, and for which the debt itſelf was contracted. The writer of three letters on appreciation has adviſed us to ſet the preſſes a going again, and in the plenitude of calculation made out that the depreciation or exchange, at the end of the year 1780, would in that caſe be about ſixty-eight to one; but had he founded his calculation on fact (on the ſuppoſition that the depreciation would be no greater this year than it was laſt, which is not true) he would have found the depreciation or exchange, at the end of the year 1780, at leaſt two hundred and ſixty-ſix to one, and probably it would be more than double, perhaps the treble of that exchange, if it ſhould contine to paſs at all thro' the year, which is far from a certainty. This method then will not do. From all which it appears pretty plain we have but two things before us, viz. to raiſe as much money

ney as will be ſufficient to pay our expenditures as we go; or, if we can not do this, to reduce our expenditures to the ſum which we can pay. For to talk of keeping up a greater expence than we can pay any how, is abſurd and ridiculous to a very contemptible degree. To borrow abroad is ruinous, and nothing is plainer than that we cannot hold it out long in this way; and what is worſe, our enemies muſt know this, and thereby be encouraged to continue the war againſt us. To borrow at home deſtroys the very end and uſe of the loan as it goes. The great purpoſe cannot be ſerved in this way. *What we can raiſe among ourſelves is all that we can pay, and we cannot attempt expenditures beyond this without bankruptcy.* A peace cannot be expected till the end of the great conteſt between three of the greateſt powers of Europe, which may involve more powers in the diſpute. It is a matter of ſuch high point of honour, pride and intereſt with them all, eſpecially Great-Britain, that they will ſtrain the laſt nerve for ſuperiority before they will yield an ace, and the war may laſt many years; the conſequence of all this is, that *we muſt take up the matter as we can hold out.* A man who has a long race before him is mad, if he exhauſts all his ſtrength in the firſt mile. A certain degree of exertion we are capable of, beyond which we cannot go; within this we muſt keep and confine ourſelves. This degree ought to be calculated with great judgment, and uſed with great œconomy, and with the moſt effect it will bear, but it cannot be exceeded without the mighty and tremendous danger of final ruin. Theſe are my beſt thoughts, the ſubject is too vaſt, too unexplored for my comprehenſion. This is my fourth addreſs to the public on this weighty theme. I am obliged for the favourable reception of the other three, hope the ſame candor will be extended to this. My thoughts are free, the nature and incidents of the ſubject dictate my argument. Great natural principles will always make their own way in the end, and if they are ever rejected, it is becauſe they are not rightly apprehended, and any departure from them will be checked and reformed by dear experience. My cloſe attention to this great and intricate ſubject has taught me that it baffles all ſpeculative theory and calculation. The only ſafe baſis of every principle of reaſoning on it muſt be fact or experiment. Here I drop my pen, ready to ſtand corrected by the better thoughts and more uſeful diſcoveries of any ſuperior genius.

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Philadelphia, February 10, 1780.

The Firſt and Second of theſe ESSAYS *may be had at the Coffee-Houſe, and the Third was publiſhed in the Pennſylvania Packet of the 6th and 8th of January laſt.*